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Attachments: 1. Attachment A - ASET Weekly Status Report (09282018).pdf, 2. Attachment B - ASET PowerPoint Presentation.pdf

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REPORT TO THE CITY COUNCIL

October 25, 2018

FROM: WILMA QUAN-SCHECTER, City Manager
Office of the City Manager

DOUGLAS T. SLOAN, City Attorney
City Attorney's Office

SUBJECT

Provide Anti-Slum Enforcement Team (ASET) Quarterly Report

RECOMMENDATION

City Manager's Office and City Attorney's Office to provide an ASET quarterly status report.

EXECUTIVE SUMMARY

The Administration, City Attorney's Office (CAO), and the Development and Resource Management's (DARM) Rental Housing Division staff are working in a coordinated effort to aggressively pursue compliance from landlords who are failing to maintain rental properties. The City does not have resources to address and remedy all code violations, but through ASET is pursuing egregious violators with maximum fines, reimbursements, attorney fees, and other remedies such as receiverships. The mission of ASET is to increase the stock of habitable rental housing by pursuing violators to obtain code compliance. Quarterly reports are provided to the City Council concerning

the status of ASET, results obtained, and any additional resources necessary to accomplish ASET's mission. The ASET Weekly Status Report is also posted to the City's website. ASET has successfully pursued compliance of approximately 4,750 violations in over 498 units. Currently, approximately 11,582 additional violations are being pursued in 454 units as part of 22 active ASET cases.

BACKGROUND

ASET is dedicated to increasing the stock of affordable and habitable rental housing by pursuing and improving slum properties with substantial health and safety violations through enforcement, education, fines, receiverships, and compliance agreements. This specialty unit was designed to handle a dozen egregious cases per year, but with effective coordination, that goal continues to be exceeded. The majority of cases are on a clear path towards compliance and rehabilitation. Other successes include new ownership, and improved property management.

The CAO has three lawyers, a paralegal, a legal secretary assigned to ASET, and two legal investigators whose primary focus is ASET. Additionally, the CAO's three law clerks assist with related Code Enforcement Division matters. DARM has an open Rental Housing Division manager position, a supervisor, and six senior community revitalization specialists (inspectors) assigned to ASET.

ASET cases are categorized into active, pending, potential, and completed. The ASET Weekly Status Report (Attachment A) is posted to the City's website at www.fresno.gov/rentalhousing <<http://www.fresno.gov/rentalhousing>>.

Because ASET is designed to pursue a handful of the most egregious violators, and does not operate like traditional code enforcement, it is essential that all complaints continue to be reported through the City's FresGo App, One Call Center, or the Code Enforcement Division. It is anticipated that the proactive rental housing inspection program will generate additional referrals to ASET, and that referrals from Code Enforcement and the Neighborhood Revitalization Team will continue.

Please see below for highlights related to some of the active cases.

RESULTS OBTAINED

Active ASET Cases (22):

1. 4518 E. Fountain Way (1,931 Violations) - [Sorento Holdings, District 4]

This is a deteriorating and occupied 57-unit apartment complex with excessive calls for police service and an extensive code history, including an active case for bed bugs, roaches, and a lack of air conditioning, heating, and natural gas. The initial ASET inspection was completed on July 17, 2018, and a Notice and Order for 1,931 violations was issued on August 2, 2018. A compliance agreement is in progress and hard costs in the amount of \$14,947 were paid in full on August 16, 2018.

2. 4805 E. University (337 Violations) - [Rodolfo & Carmen Rojas, District 4]

This is a partially occupied, substandard 3-unit complex with an extensive history of housing code violations, including lack of water and electrical service, frequent calls for police service, and a history of squatters. ASET conducted an initial inspection on May 3, 2018, and issued a Notice and Order for

the two occupied units on May 17, 2018 that consisted of 237 violations. A Notice and Order for the vacant unit was issued on June 15, 2018, for 100 violations. A first administrative citation was issued on July 31, 2018, for \$38,750. On August 14, 2018, the City posted a Health and Safety section 17980.6 Notice to Abate for 337 violations and will be petitioning the Court to appoint a health and safety receiver.

3. 4608-4612 E. Inyo (854 Violations) - [Victor H. Martinez, District 7]

This is an occupied and deteriorating 8-unit complex with significant substandard conditions, including pest infestation, junk/rubbish, mold, water leaks, and inoperable vehicles; in addition to excessive calls for police service. An initial ASET inspection was conducted on August 22, 2018. A Notice and Order for 4608 was issued on September 10, 2018, for 346 violations, and a Notice and Order for 4,612 was issued on September 10, 2018, for 508 violations.

4. 4460 E. Woodward (499 Violations) - [Abdo Saleh Nagi & Shiha Mohammed Abdo, District 5]

This 4-unit, multi-family residence is occupied and severely dilapidated. The significant health and safety violations include junk/rubbish, a dangerous staircase, missing fire extinguishers, illegal use of extension cords, and deteriorating landings and garages. ASET completed the initial inspection on August 14, 2018, and the City issued a Notice and Order on August 24, 2018, for 499 violations. The property owners promptly completed work related to a serious mold issue at the property, and a compliance agreement is in progress.

5. 440 S. Chestnut (781 violations) - [Sylvia Gutierrez, District 5]

This is an occupied, substandard and deteriorating 12-unit complex with excessive calls for police service and significant health and safety violations, including junk/rubbish, damaged walkways, boarded or broken windows, a dangerous staircase, and a homeless encampment. It is located within close proximity to several schools. On September 6, 2018, ASET completed an initial inspection and found numerous violations, including missing or inoperative smoke detectors, pest infestations, damaged security doors, no heat in several units, and lack of permits to install water heaters. The Notice and Order was issued on October 1, 2018 for 781 violations.

6. 5035 - 5049 E. Lane (1,290 Violations) - [Sean Sanchez, District 5]

ASET inspected 16 units, next door to a school, with significant substandard conditions and health and safety issues, including but not limited to, broken windows, roach infestation, egress violations, and missing smoke alarms. Additionally, the apartment complex generated frequent calls for police service, including gunfire. Notice and Orders identifying more than 330 exterior violations and 960 interior violations, were issued. An Extension and Settlement Agreement has been executed, and a compliance inspection was conducted March 15, 2018. While some progress was made, significant violations remained. An inspection warrant was executed on April 25, 2018, and an administrative citation for \$86,000 was issued on June 22, 2018. Based upon Owner's continued efforts towards compliance, the City is negotiating a modification of the Extension and Settlement Agreement to include the payment of all hard costs and full compliance.

7. 701 W. Cambridge (617 Violations) - [Rick C. Torres (former owner)/ Meganova, LP as of 6/28/18, District 1]

This property is a partially occupied 10-unit apartment complex with significant health and safety issues, including mold, water damage, insect infestation, and boarded windows. ASET conducted an interior and exterior inspection of each unit, and a Notice and Order for 617 violations was issued on March 12, 2018. A settlement agreement with the prior owner was entered into on July 31, 2018, and \$4,500 was paid in full. Compliance is being pursued with new owner, who intends to fully renovate the property.

8. 4811 E. Geary (9 Violations) - [Andrew & Gloria Adams, District 5]

This dilapidated and occupied single-family residence has a severely deteriorating and hazardous roof, as well as evidence of mold and water damage, unsanitary bathroom and kitchen areas, and damaged interior and exterior walls. A Notice and Order was issued on March 26, 2018, for nine violations, and a Health and Safety section 17980.6 Notice was posted on June 5, 2018. These steps have motivated one of the lien holders, Wells Fargo Bank, to assume control of the property, as both owners are deceased. A trustee's sale was scheduled for August 21, 2018, and ownership of the property was transferred to Wells Fargo Bank on August 27, 2018. If Wells Fargo fails to bring the property into compliance, ASET will petition the Court for a health and safety receivership.

Rehabilitations in Progress:

9. 2248-2266 W. Princeton (1,651 violations) - [Sanh X. Le and Marilyn M. Ly, Co-Trustees of the Le Family Living Trust, District 1]

This property is two apartment complexes next to each other with the same owners. There are a total of 22 units with a long prior code enforcement history and many police calls for service. An ASET interior and exterior inspection was conducted on March 8, 2018. A notice and order for 920 violations for 2266 was issued on April 10, 2018, and a notice and order for 731 violations for 2248 was issued on April 26, 2018. The parties entered into a settlement agreement on July 31, 2018, and \$12,000 in administrative costs was paid in full. Rehabilitation of the property is in progress, and the property has had successful interim inspections.

10. 4853 E. University (129 Violations) - [Ronald D. Mullins & Olga E. Mullins, District 4]

This property is a vacant and abandoned 5-unit apartment complex regularly broken into and used by squatters and transients. It was constantly boarded up by the City. The court granted the petition to appoint a Health and Safety Receiver on December 19, 2017. Receiver has taken possession of the property and has filed a first report of Receiver on February 20, 2018. The property was sold on April 24, 2018, to an investor, and the rehabilitation is nearly complete. Hard costs and fees are paid in full.

11. 1203 W. Simpson (700 violations) - [Malcolm D. Powers & Judy Powers, District 1]

This property is a partially occupied 14-unit apartment complex. ASET has completed inspections of all units and the exterior of this apartment complex. These inspections revealed significant substandard conditions and health and safety issues. A Settlement Agreement to include major renovations, the correction of all violations, and the payment of the City's hard costs, was entered into on April 9, 2018. Rehabilitation is underway and the first and second progress inspections have been completed. Hard costs in the amount of \$7,835 have been paid pursuant to the agreement.

12. 1309 and 1315 B Street (70 Violations) - [Vincent Medina, District 3]

These are two single family homes on one APN. City was seeking voluntary compliance for substandard conditions, including major structural damage, unsanitary conditions, missing smoke and carbon monoxide alarms, improper occupancy of the enclosed back porch, and unpermitted electrical wiring at the rear patio. Due to lack of compliance by owner, the City posted a Health and Safety section 17980.6 Notice for 70 violations and petitioned the Court for a health and safety receiver. The City's petition for a receiver was granted at hearing on June 12, 2018, the receiver has cleaned and secured the property, and the receiver is negotiating with potential buyers who will be able to rehabilitate the property.

13. 4538 E. Hamilton (2,315 Violations) - [Moen Trust & Kirkpatrick Trust, District 5]

This is a severely dilapidated 28-unit apartment complex with significant health and safety violations including the presence of chickens/roosters and pest infestations. There is an extensive history of code violations for this property, as well as calls for police service. The initial ASET inspection was completed on April 5, 2018, and a Notice and Order was issued on June 26, 2018, for 2,315 violations. A settlement agreement was entered into on August 14, 2018, and the first re-inspection was completed on September 17, 2018.

OBSERVATIONS

During the past quarter, ASET has been actively working to identify and address properties with significant health and safety violations. Over time, the team will be able to determine the most effective tools for reaching each property owner. These tools range from demand letters and compliance agreements to receiverships. On larger complexes, ASET has seen some significant success with compliance agreements. In some cases, the property owners were previously neglectful of their responsibilities, but ASET has motivated them to become engaged in their property and tenants. In those cases, hiring reputable property management is a necessary component to compliance.

The CAO and DARM ASET teams are working together very smoothly and have developed systems for handling each property in a thorough and consistent way. Potential properties are investigated by CAO investigators, and this information is presented to DARM. Through collaboration, the CAO and DARM determine whether a property is to be placed on the pending list. If so, the CAO drafts a letter to the property owner describing ASET, its goals, and advising the property will be inspected. In many cases, these letters have led to contact with the property owner or a representative, and attempts at compliance have been seen at the first inspections.

ASET's purpose and enforcement tools continue to spread among property owners. More and more, ASET is seeing properties be put up for sale following inspections or at an early stage of the process. The reputation of this unit and its results are leading to greater compliance, and a change in ownership when necessary.

The legal investigators are proving to be very valuable, as they are available to rapidly respond to Council and Administration requests, and serve a broader role than DARM inspectors. The law clerks are performing well and taking on more responsibility as they gain experience. Working closely with DARM inspectors, the law clerks and investigators have seen success resulting in the complete rehabilitation of many vacant, blighted properties.

At this time, the needs of ASET are being met, with sufficient resources to handle the current work load. This issue may need to be revisited if the Rental Housing Improvement Program results in a high volume of cases being referred based on its proactive inspection program. The next Quarterly Report will follow up on the changes seen as the Rental Housing Improvement Program gets under way.

Attachment: Attachment A - ASET Weekly Status Report (09/28/2018)
 Attachment B - ASET PowerPoint Presentation

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